



**Auditor of State
Betty Montgomery**

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2004	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2003	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

Village of Dillonvale
Jefferson County
P.O. Box 546
Dillonvale, Ohio 43917

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

October 3, 2005

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Dillonvale
Jefferson County
P.O. Box 546
Dillonvale, Ohio 43917

To the Village Council:

We have audited the accompanying financial statements of the Village of Dillonvale, Jefferson County, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Dillonvale, Jefferson County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2005, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

October 3, 2005

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$40,248	\$17,197		\$57,445
Intergovernmental Receipts	85,964	81,448	\$129,384	296,796
Charges for Services	4,967			4,967
Fines, Licenses, and Permits	11,069	125		11,194
Earnings on Investments	6,254			6,254
Miscellaneous	345			345
Total Cash Receipts	148,847	98,770	129,384	377,001
Cash Disbursements:				
Current:				
Security of Persons and Property	65,569	12,407		77,976
Public Health Services	1,000	14,669		15,669
Leisure Time Activities	11,805	290		12,095
Community Environment		17,879		17,879
Transportation	3,458	25,637		29,095
General Government	51,620			51,620
Debt Service:				
Principal Payments		3,058		3,058
Interest Payments		725		725
Capital Outlay	4,445	16,000	129,384	149,829
Total Cash Disbursements	137,897	90,665	129,384	357,946
Total Receipts Over/(Under) Disbursements	10,950	8,105		19,055
Other Financing Receipts and (Disbursements):				
Sale of Bonds or Notes	7,000			7,000
Transfers-In	1,662	2,727		4,389
Transfers-Out	(5,467)	(5,061)		(10,528)
Other Financing Sources	27,245			27,245
Total Other Financing Receipts/(Disbursements)	30,440	(2,334)		28,106
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	41,390	5,771		47,161
Fund Cash Balances, January 1	36,729	33,563		70,292
Fund Cash Balances, December 31	\$78,119	\$39,334		\$117,453
Reserves for Encumbrances, December 31	\$8,206	\$260		\$8,466

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$195,257	\$1,000	\$196,257
Total Operating Cash Receipts	<u>195,257</u>	<u>1,000</u>	<u>196,257</u>
Operating Cash Disbursements:			
Personal Services	69,003		69,003
Fringe Benefits	10,656		10,656
Contractual Services	526		526
Supplies and Materials	55,515		55,515
Other	1,044		1,044
Capital Outlay	74,047		74,047
Total Operating Cash Disbursements	<u>210,791</u>		<u>210,791</u>
Operating Income/(Loss)	<u>(15,534)</u>	<u>1,000</u>	<u>(14,534)</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	54		54
Special Assessments	581		581
Other Non-Operating Receipts	101	8,706	8,807
Total Non-Operating Cash Receipts	<u>736</u>	<u>8,706</u>	<u>9,442</u>
Non-Operating Cash Disbursements:			
Debt Service	58,211		58,211
Other Non-Operating Cash Disbursements		8,706	8,706
Total Non-Operating Cash Disbursements	<u>58,211</u>	<u>8,706</u>	<u>66,917</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(73,009)	1,000	(72,009)
Transfers-In	6,139		6,139
Net Receipts Over/(Under) Disbursements	(66,870)	1,000	(65,870)
Fund Cash Balances, January 1	<u>300,780</u>	<u>170</u>	<u>300,950</u>
Fund Cash Balances, December 31	<u>\$233,910</u>	<u>\$1,170</u>	<u>\$235,080</u>
Reserve for Encumbrances, December 31	<u>\$1,324</u>	<u>\$0</u>	<u>\$1,324</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$34,337	\$18,904		\$53,241
Intergovernmental Receipts	35,513	33,478	\$2,828	71,819
Charges for Services	4,732			4,732
Fines, Licenses, and Permits	8,326	125		8,451
Earnings on Investments	6,528			6,528
Miscellaneous	50			50
Total Cash Receipts	<u>89,486</u>	<u>52,507</u>	<u>2,828</u>	<u>144,821</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	42,932	6,039		48,971
Public Health Services	1,000	15,860		16,860
Leisure Time Activities	8,067	260		8,327
Community Environment		15		15
Transportation	6,626	26,451		33,077
General Government	47,648			47,648
Debt Service:				
Principal Payments		1,385		1,385
Interest Payments		420		420
Capital Outlay		20,000	28,109	48,109
Total Cash Disbursements	<u>106,273</u>	<u>70,430</u>	<u>28,109</u>	<u>204,812</u>
Total Receipts Over/(Under) Disbursements	<u>(16,787)</u>	<u>(17,923)</u>	<u>(25,281)</u>	<u>(59,991)</u>
Other Financing Receipts and (Disbursements):				
Sale of Bonds or Notes		20,000	25,281	45,281
Sale of Fixed Assets	1,125			1,125
Transfers-Out	(5,644)			(5,644)
Other Financing Sources	1,078			1,078
Total Other Financing Receipts/(Disbursements)	<u>(3,441)</u>	<u>20,000</u>	<u>25,281</u>	<u>41,840</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(20,228)	2,077		(18,151)
Fund Cash Balances, January 1	<u>56,957</u>	<u>31,486</u>		<u>88,443</u>
Fund Cash Balances, December 31	<u>\$36,729</u>	<u>\$33,563</u>	<u>\$0</u>	<u>\$70,292</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$193,120		\$193,120
Total Operating Cash Receipts	<u>193,120</u>		<u>193,120</u>
Operating Cash Disbursements:			
Personal Services	69,832		69,832
Fringe Benefits	12,509		12,509
Contractual Services	5,743		5,743
Supplies and Materials	42,924		42,924
Other	1,591		1,591
Capital Outlay	22,548		22,548
Total Operating Cash Disbursements	<u>155,147</u>		<u>155,147</u>
Operating Income	<u>37,973</u>		<u>37,973</u>
Non-Operating Cash Receipts:			
Special Assessments	1,002		1,002
Proceeds from Notes and Bonds	20,000		20,000
Other Non-Operating Receipts	184	\$5,233	5,417
Total Non-Operating Cash Receipts	<u>21,186</u>	<u>5,233</u>	<u>26,419</u>
Non-Operating Cash Disbursements:			
Debt Service	55,790		55,790
Other Non-Operating Cash Disbursements		5,233	5,233
Total Non-Operating Cash Disbursements	<u>55,790</u>	<u>5,233</u>	<u>61,023</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	3,369		3,369
Transfers-In	5,644		5,644
Net Receipts Over/(Under) Disbursements	9,013		9,013
Fund Cash Balances, January 1	<u>291,767</u>	<u>170</u>	<u>291,937</u>
Fund Cash Balances, December 31	<u>\$300,780</u>	<u>\$170</u>	<u>\$300,950</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Dillonvale, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with the Dillonvale Volunteer Fire Department to receive fire protection services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Issue II Fund - This fund receives state monies for the construction of a new water tank.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

Garbage Enterprise Fund - This fund receives charges for services from residents to cover garbage collection costs.

Mortgage Water Revenue Bonds Fund - This fund receives monies from the Water Operating Fund to cover payment of debt and interest payments relating to the water project.

5. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund - This fund accounts for all monies received and disbursed through the Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2004	2003
Demand deposits	\$206,401	\$133,074
Certificates of deposit	121,766	117,289
Total deposits	328,167	250,363
STAR Ohio		
Total investments	24,366	120,879
Total deposits and investments	\$352,533	\$371,242

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 is as follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$184,068	\$184,754	\$686
Special Revenue	99,365	101,497	2,132
Capital Projects	266,000	129,384	(136,616)
Enterprise	248,325	202,132	(46,193)
Total	\$797,758	\$617,767	(\$179,991)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$219,376	\$151,570	\$67,806
Special Revenue	132,193	95,986	36,207
Capital Projects	266,000	129,384	136,616
Enterprise	551,547	270,326	281,221
Total	\$1,169,116	\$647,266	\$521,850

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,008	\$91,689	\$2,681
Special Revenue	71,037	72,507	1,470
Capital Projects	28,109	28,109	0
Enterprise	249,713	219,950	(29,763)
Total	\$437,867	\$412,255	(\$25,612)

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$143,050	\$111,917	\$31,133
Special Revenue	101,170	70,430	30,740
Capital Projects	28,109	28,109	0
Enterprise	557,614	210,937	346,677
Total	\$829,943	\$421,393	\$408,550

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Water Mortgage Revenue Bonds	\$864,000	4.50%
Garbage Packer Note	7,383	5.50%
Ohio Pubic Works Commission Loan	22,753	0.00%
Cruiser Note	7,000	4.75%
Truck Note	31,459	4.25%
Total	\$932,595	

The Water Mortgage Revenue Bonds relate to a repayment of funds borrowed for a water improvement project. This will be repaid in annual installments of approximately \$48,900, including interest, over 38 years with user charges. The Water Mortgage Revenue Bond covenant requires the Village to establish and fund a reserve fund, included as an enterprise debt service fund. The balance in the fund at December 31, 2004 is \$19,615. The Village has agreed to set utility rates sufficient to cover the revenue bond debt service requirements.

The Garbage Packer note was for the purchase of a new packer. It is collateralized by the equipment.

The Ohio Public Works Commission Loan was for a water tank construction project. It will be repaid in semi-annual installments of \$632.03 over 20 years with user charges.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. DEBT (Continued)

The Cruiser Note and the Truck note were for the purchase of a new police cruiser and a new dump truck, respectively. Both loans are collateralized by the equipment purchased.

Amortization of the above debt, including interest, follows:

Year ending December 31:	OPWC Loan	Cruiser Note	Truck Note	Packer Note	Revenue Bonds
2005	\$632	\$1,579	\$7,566	\$4,252	\$48,880
2006	1,264	1,579	7,566	3,544	48,930
2007	1,264	1,579	7,566		48,958
2008	1,264	1,579	7,566		48,863
2009	1,264	1,579	4,413		48,950
2010-2014	6,320				244,480
2015-2019	6,320				244,549
2020-2024	4,425				244,575
2025-2029					244,544
2030-2034					244,468
2035-2039					244,583
2040-2044					48,906
Total	<u>\$22,753</u>	<u>\$7,895</u>	<u>\$34,677</u>	<u>\$7,796</u>	<u>\$1,760,686</u>

6. RETIREMENT SYSTEMS

All full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Dillonvale
Jefferson County
P.O. Box 546
Dillonvale, Ohio, 43917

To the Village Council:

We have audited the financial statements of the Village of Dillonvale Jefferson County, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 3, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated October 3, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated October 3, 2005, we reported other matters related to noncompliance we deemed immaterial.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949
www.auditor.state.oh.us

Village of Dillonvale
Jefferson County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and council.
It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 3, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF DILLONVALE

JEFFERSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 6, 2005**